Severance Tax

Who must file the annual DR 21 severance tax return for oil and gas income received by a limited partnership, LLC, or S Corporation; the entity or the individual owners?

Every "person" subject to severance tax must file a return [§39-29-112, C.R.S.]. A limited partnership, LLC or S Corporation are included in the definition of "person" [§39-21-101, C.R.S.]. Therefore, the return must be filed at the entity level. Partners, members, or shareholders do not file a severance tax return to report oil and gas income received by the pass-through entity.